APPENDIX A

Relevant portions of the statutes of the United States providing for jurisdiction and venue in Federal trial courts in Federal question civil actions generally, and in patent infringement actions in particular, together with pertinent extracts from their legislative history, and a contemporary treatise.

First Congress. Sess. 1. Ch. 20 1789

I. In Effect From 1789 to 1873:

1 Stat. 78-79

SEC. 11. And it be further enacted that the Circuit Courts shall have original cognizance, concurrent with the courts of the several states, of all suits of a civil nature at common law or in equity where the matter in dispute exceeds, exclusive of costs, the sum or value of five hundred dollars and the United States are plaintiffs, or petitioners; or an alien is a party or the suit is between a citizen of the state where the suit is brought, and a citizen of another state. And shall have exclusive cognizance of all crimes and offences cognizable under the authority of the United States, except where this act otherwise provides or the laws of the United States shall otherwise direct, and concurrent jurisdiction with the district courts of the crimes and offences cognizable therein. But no person shall be arrested in one district for trial in another, in any civil action before a circuit or district court. And no civil action shall be brought before either of said courts against an inhabitant of the United States, by any original process in any other district than whereof he is an inhabitant, or in which he shall be found at the time of serving the writ . . .

II. Adopted in 1873 and Still in Effect in Substance:

AN ACT

To revise and consolidate the statutes of the United States, in force on the first day of December, anno domini one thousand eight hundred and seventy three

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SEC. 629 The Circuit Courts shall have original jurisdiction as follows:

. . . Ninth. Of all suits at law or in equity arising under the patent or copyright laws of the United States . . .

SEC. 711 The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several States:

. . . Fifth. Of all cases arising under the patent right or copyright laws of the United States.

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III. Adopted in 1875 and in Effect Until 1887:

FORTY-THIRD CONGRESS. SESS. II. CHS. 136, 137. 1875.

CHAP. 137.—An act to determine the jurisdiction of circuit courts of the United States, and to regulate the removal of causes from State courts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the circuit courts of the United States shall have original cognizance, concurrent with the courts of the several States, of all suits of a civil nature at common law or in equity, where the matter in dispute exceeds, exclusive of costs, the sum or value of five hundred dollars, and arising under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, or in which the United States are plaintiffs or petitioners, or in which there shall be a controversy between citizens of different States or a controversy between citizens of the same State claiming lands under grants of different States, or a controversy between citizens of a State and foreign states, citizens, or subjects; and shall have exclusive cognizance of all crimes and offenses cognizable under the concurrent jurisdiction with the district courts of the crimes and offenses cognizable therein. But no person shall be arrested in one district for trial in another in any civil action before a circuit or district court.

And no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant, or in which he shall be found at the time of serving such process or commencing such proceeding, except as hereinafter provided; nor shall any circuit or district court have cognizance of any suit founded on contract in favor of an assignee, unless a suit might have been prosecuted in such court to recover thereon if no assignment had been made, except in cases of promissory notes negotiable by the law merchant and bills of exchange. And the circuit courts shall also have appellate jurisdiction from the district courts under the regulations and restrictions prescribed by law.

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IV. Adopted in 1887 in Substance, as Corrected in Matters Here Irrelevant by Reenactment in 1888:

FIFTIETH CONGRESS. SESS. I. CHS. 860, 866. 1888.

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CHAP. 866.—An act to correct the enrollment of an act approved March third, eighteen hundred and eighty-seven, entitled "An act to amend sections one, two, three, and ten of an act to determine the jurisdiction of the circuit courts of the United States, and to regulate the removal of causes from the State courts, and for other purposes, approved March third, eighteen hundred and seventy-five."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act approved March third, eighteen hundred and eighty-seven, entitled "An act to amend sections one, two, three, and ten of an act to determine the jurisdiction of the circuit courts of the United States, and to regulate the removal of causes from State courts, and for other purposes, approved March third, eighteen hundred and seventy-five," be, and the same is hereby amended so as to read as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of an act entitled 'An act to determine the jurisdiction of circuit courts of the United States and to regulate the removal of causes from State courts, and for other purposes,' approved March third, eighteen hundred and seventy-five, be, and the same is hereby, amended so as to read as follows:

"That the circuit courts of the United States shall have original cognizance, concurrent with the courts of the several States, of all suits of a civil nature, at common law or in equity, where the matter in dispute exceeds, exclusive of interest and costs, the sum or value of two thousand dollars, and arising under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, or in which controversy the United States are plaintiffs or petitioners, or in which there shall be a controversy between citizens of different States, in which the matter in dispute exceeds, exclusive of interest and costs, the sum or value aforesaid, or a controversy between citizens of the same State claiming lands under grants of different States, or a controversy between citizens of a State and foreign states, citizens, or subjects, in which the matter in dispute exceeds, exclusive of interest and costs, the sum or value aforesaid, and shall have exclusive cognizance of all crimes and offenses cognizable under the authority of the United States, except as otherwise provided by law, and concurrent jurisdiction with the district courts of the crimes and offenses cognizable by them. But no person shall be arrested in one district for trial in another in any civil action before a circuit or district court; and no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant but where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant; nor shall any circuit

or district court have cognizance of any suit, except upon foreign bills of exchange, to recover the contents of any promissory note or other chose in action in favor of any assignee, or of any subsequent holder if such instrument be payable to bearer and be not made by any corporation, unless such suit might have been prosecuted in such court to recover the said contents if no assignment or transfer had been made; and the circuit courts shall also have appellate jurisdiction from the district courts under the regulations and restrictions prescribed by law."

V. Treatise Comment on Situation Created by 1888 Enactment:

ROBINSON ON PATENTS

By William C. Robinson, Professor of Law in Yale University (Boston 1890).

§ 934. Jurisdiction Over Actions at Law Vests in the Court for the Circuit in Which the Defendant Resides or Is Found.

An action at law for infringement may be brought before any Circuit court which has jurisdiction over the persons of the plaintiff and defendant. A plaintiff places himself within the jurisdiction of the court by instituting his action therein. Hence where a plaintiff has the capacity to sue, no question as to the jurisdiction of the court over him can properly arise. This is the case with all natural persons, and with all corporations also unless restrictions in their characters or in the local laws otherwise provide.[1] In the absence of such restrictions, any corporation or individual, whose rights under a patent have been violated, may institute legal proceedings for redress in any Circuit court

[1] § 934. That the Patent Laws do not change the rules established by the judiciary acts as to territorial jurisdiction over parties, or the service of process, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O.G. 1237.

That a corporation may maintain a suit in the district where its rights are infringed, though it is created under the laws of another State, see Elm City Co. v. Wooster (1873), 4 O.G. 83; 6 Fisher, 452.

whose jurisdiction extends to the person of the defendant. A Circuit court has jurisdiction over a defendant when he resides or is lawfully served with process in either of the districts which are included in the circuit.[2] A resident defendant is always within the jurisdiction of the court, and the rules which require personal service of process upon him can at all times be fulfilled. Upon a non-resident defendant, however, process can be served only when he is personally within the territorial limits of the circuit.[3]

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[2] In Thompson v. Mendelsohn (1871), 5 Fisher, 187, McKennan, J.: (188) "The Patent Laws confer exclusive jurisdiction upon the circuit courts of all suits, in law or equity, for invasion of the rights of inventors under them, and the judiciary act expressly authorizes such suits to be brought and process to be served upon defendants in any district in which they may be found. The conclusion is inevitable that where these conditions are complied with, the court has power to afford such measure of protection to the plaintiff's rights as it is competent to afford in any case, of the subject-matter of which it has jurisdiction, and in which the parties are before it by the due service of process. Certainly by no act of Congress is this power restricted by the fact of the defendant's residence in another district; or that the wrong imputed to him was not committed in the district in which the suit is brought. The process of the court is primarily directed against the person of the wrong-doer, and it is no sufficient reason against the power of the court to award it, that it may not furnish to the plaintiffs effectual relief, or that its operation may be evaded by the defendant."

[3] The law as stated in the text and illustrated in the notes of this and succeeding paragraphs is that of the judiciary acts, and the decisions under them, prior to the act of March 3, 1887. The latter act provides that "no civil suit shall be brought before" the circuit courts of the United States "against any person by any original process of proceeding in any other district than that whereof he is an inhabitant." Whether this provision applies to cases arising under the Patent Laws may well be doubted. In Preston v. Fire Extinguisher Co. (1888), 46 O. G. 124, Gormully Mfg. Co. v. Pope Mfg. Co. (1888), 34 Fed. Rep. 818, and Halstead v. Manning (1888), 44 O. G. 344, it was held that patent causes were within the statute, and that a defendant must thus be sued in the district of his residence. On the other hand, it has been decided that

Service by publication or by the attachment of property, though often sufficient under State laws to confer jurisdiction over him for the purposes of the action thus commenced, does not answer the requirements of the Federal law.[4] Personal service within the circuit must be made

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another equally universal provision of the same act, limiting the jurisdiction of the circuit courts to controversies involving $2,000 or upwards, does not apply to patent cases. See Miller-Megee v. Carpenter (1887), 43 O. G. 1118, where it is also intimated that the act of 1887 does not relate to suits under the Patent Laws. Patent rights and their invasions, as well as patent litigations, being matters *sui generis*, the consequences of embracing them under the sweeping provisions of general statutes cannot always be foreseen; but many reasons will suggest themselves to any person familiar with industrial affairs in this country in favor of the retention of the former rule of practice in suits against infringers. Until the new position has been fully discussed and finally adopted by the courts, or more specifically defined by Congress, its soundness may, therefore, be regarded as an open question, and the doctrine built up by a century of legislation and judicial explanation be still treated as at least possibly correct and ultimately to prevail. In that view it is here considered as if the act of 1887 had not been passed.

That a circuit court has no jurisdiction unless the defendant is served in his own district, or is found and served where sued, see Day v. Newark India Rubber Mfg. Co. (1850), 1 Blatch. 628.

That suit may be brought in any district where the defendant can be served, whether either party lives there or not, but the defendant must be personally served therein, see Allen v. Blunt (1849), 1 Blatch. 480.

That service upon one co-partner does not give personal jurisdiction over a non-resident partner, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That service cannot be made on an agent created by implication against the will of the parties and not actually appointed, see United States v. American Bell Telephone Co. (1886), 38 O. G. 1237; 29 Fed. Rep. 17.

[4] That the existence of property rights or pecuniary interests within the district are not alone enough to confer jurisdiction, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That a service by attaching the defendant's goods gives no jurisdiction over him, see Chaffee v. Hayward (1857), 20 How. 208.

upon him, and this must affirmatively appear upon the marshal's return, or the court acquires no jurisdiction over him.[5] Such service must be lawful and not be procured by fraud or imposition. Service on a non-resident defendant attending court within the circuit, or present at an examination of witnesses by stipulation, or inveigled by any means within the circuit in order that service may be made upon him, is fraudulent and void, and will be set aside on motion by the court.[6] But such a defendant, either without service or after improper service, may appear and submit himself to the jurisdiction of the court, whose authority thereafter over him will be as complete as if it had been regularly obtained.[7]

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[5] That when a person is sued out of his own district it must affirmatively appear by the marshal's return that process was served on him in the district where the suit is brought or the court will acquire no jurisdiction, see Thayer v. Wales (1872), 5 Fisher, 448.

[6] That service upon a defendant while attending court in another State as a party defendant, or witness, is not lawful, see Wilson Sewing Mach. Co. v. Wilson (1885), 23 Blatch. 51.

That a service of process on a party attending an examination of witnesses by stipulation out of his own district will be set aside on motion, see Plimpton v. Winslow (1881), 22 O. G. 1207; 20 Blatch. 82; 9 Fed. Rep. 365.

[7] That a party appearing submits to the jurisdiction, see Macauley v. White Sewing Mach. Co. (1881), 21 O.G. 496; 9 Fed. Rep. 698.

That the judiciary acts, limiting jurisdiction to cases where the defendant resides or is found within the district, confer only a personal privilege which may be waived by voluntary appearance or by accepting general conditions which impose a liability to suit, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That an appearance in order to move to quash or to plead to the jurisdiction does not waive objections thereto, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That where a defendant appears by attorney and files his plea to the jurisdiction by attorney, this admits and submits to the

VI. First Special Patent Venue Enactment in 1897 and Excerpts From Its Legislative History:

FIFTY-FOURTH CONGRESS. SESS. II CHS. 392-395. 1897

CHAP. 395.—An Act Defining the jurisdiction of the United States circuit courts in cases brought for the infringement of letters patent.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in suits brought for the infringment of letters patent the circuit courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.

Approved, March 3, 1897.

Mr. Lacey of Iowa who, in introducing the bill, said:

"Mr. Speaker, I introduced this bill at the suggestion of a number of gentlemen who live in the Northwest, and who have interest in patent rights that are frequently infringed in distant localities, and yet the

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jurisdiction of the court, and the same result follows from the entry of a special appearance on the order-book at the request of the defendant's attorney without special leave of the court, see Thayer v. Wales (1872), 5 Fisher, 448.

That irregularities in service are waived unless objected to before answer, see Goodyear v. Chaffee (1855), 3 Blatch. 268.

That the privilege of freedom from service while attending a trial must be insisted on at the proper time or it will be waived, see Matthews v. Puffer (1882), 22 O. G. 332; 20 Blatch. 233.

> sales of the patented articles so infringed are largely, or mainly, made in the vicinity where the owners of the patent happen to be located. . . . For instance, the manufactory may be established at some distant point and the office where the goods are sold is opened in Chicago or in St. Louis or some other distant city. They have a permanent place of business at either city, and yet no relief can be had in the courts where the infringement is mainly carried on."

and as to the intent:

> "The main purpose of the bill is to give original jurisdiction to the court where a permanent agency transacting the business is located, *and* that business is engaged in the infringement of the patent rights of some one who has such rights anywhere in the United States."

In answer to Mr. Payne's contention that the bill went "too far in making an exception in patent cases that does not obtain in any other case . . . by extending (venue) to a Territory wherever the (defendant) is found, not an inhabitant or a resident, but where he has a business office and has committed, through agents or otherwise, an infringement", Mr. Lacey proffered the following:

> "Should not the local court have control of the matter, with the strong arm of the law on the one hand and the restraining power of a court of equity on the other? Because this necessity arose we have this bill. Very frequently an infringing agency is the principal place of business. When the party defendant who nominally infringes the patent lives in one place, but the real place where the business is carried on is at another, at present the place of the defendant's residence alone gives jurisdiction. Business is going West, and a little plant on the seaboard often grows into a tremendous institution when it goes to Chicago and the great interior places where the population resides; and to deprive the courts of that community of jurisdiction would work a hardship by reason of the

> expense . . . . Why not have the trial where the transaction occurs?"

In finally agreeing to the bill, Mr. Payne still had the following reservation:

> ". . . I think the bill . . . puts the owner of a patent in a little better position than the owner of any other kind of property, . . ."

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VII. As Codified in 1948 by the Enactment of Title 28:

Ch. 87 DISTRICT COURTS; VENUE

• • • • • • • • • • •

§ 1391. *Venue generally*

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(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, except as otherwise provided by law.

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§ 1400. *Patents and copyrights*

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

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VIII. Excerpts From Legislative History of Amendment of 28 U.S.C. §§ 1391 (a) and (b) in November 1966:

89th Congress
2d Session

HOUSE OF REPRESENTATIVES

Report No. 1893

CIVIL ACTION VENUE AMENDMENT

AUGUST 25, 1966.—Referred to the House Calendar and ordered to be printed

MR. CELLER, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 7382]

The Committee on the Judiciary, to whom was referred the bill (H.R. 7382) to amend section 1391 of title 28 of the United States Code relating to venue, having considered the same, report favorably thereon with an amendment and recommended that the bill do pass.

The amendment is as follows:

At the end of the bill add the following new section:

SEC. 2. Subsection (f) of section 1391, title 28, United States Code, is hereby repealed.

PURPOSE OF AMENDMENT

Subsection 1391(f) of title 28, United States Code (Public Law 88–234, 77 Stat. 473, December 23, 1963), authorizes a civil action on certain tort claims to be brought in the district where the act or omission complained of occurred. Subsections 1391(a) and 1391(b), as amended by the bill, encompass the provisions of subsection 1391(f) and render that subsection surplusage.

PURPOSE OF BILL

H.R. 7382 amends subsections 1391(a) and 1391(b) of title 28, United States Code, to enlarge venue authority so as to authorize any civil action to be brought in the judicial

district where the claim arose. Under subsection 1931(a), a civil action wherein jurisdiction is founded only on diversity of citizenship, unless otherwise provided by law, may be brought in the judicial district in which the claim arose, as well as in the judicial districts where all plaintiffs or defendants reside. Subsection 1391(b) would be amended to authorize a civil action wherein jurisdiction is not founded solely on diversity of citizenship to be brought in the judicial district in which the claim arose as well as in the district where all defendants reside.

STATEMENT

H.R. 7382 is a product of the continuing efforts of the Judicial Conference of the United States to improve procedures for the administration of justice in the United States. This enlargement of venue authority will facilitate the disposition of both contract and tort claims by providing, in appropriate cases, a more convenient forum to the litigants and the witnesses involved.

The bill was requested by the Judicial Conference of the United States. The executive communication to the Speaker of the House of Representatives stated:

ADMINISTRATIVE OFFICE OF THE
U.S. COURTS,

Washington, D.C., January 29, 1965.

Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On behalf of the Judicial Conference of the United States, I am transmitting herewith a draft of a bill to amend section 1391 of title 28, United States Code, relating to venue in civil actions.

The bill would authorize a civil action founded on diversity of citizenship jurisdiction to be brought in the judicial district in which the claim arose, as well as in the judicial district where all plaintiffs or all defendants reside; and

would also authorize a civil action not founded on diversity of citizenship jurisdiction, to be brought in the judicial district in which the claim arose, as well as in the judicial district where all defendants reside.

A recent amendment to the venue statue, Public Law 88–234 (77 Stat. 473) approved December 23, 1963, authorized a civil action on a tort claim arising out of the manufacture, assembly, repair, ownership, maintenance, use, or operation of an automobile to be brought in the judicial district where the act or omission complained of occurred. The draft bill would further liberalize the venue provisions by authorizing any civil action to be brought in the district where the claim arose, thus providing in some cases a more convenient forum, not only for the litigants involved, but also for the witnesses who are to testify in the case.

Representatives of this office will be glad to appear before the committee to which the draft bill may be referred and furnish any further information that may be desired.

Sincerely yours,

WARREN OLNEY *III*, *Director*.

The Department of Justice recommends enactment of H.R. 7382. In its report to the committee, the Department of Justice stated:

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., November 5, 1965.

Hon. EMANUEL CELLER,
Chairman, Committee on the Judiciary,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on H.R. 7382, a bill to amend section 1391 of title 28 of the United States Code relating to venue.

Under section 1391(a) of title 28, United States Code, a civil action wherein jurisdiction is founded only on diver-

sity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside. Section 1391(b) states that a civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, except as otherwise provided by law. In 1963, section 1391(f) was enacted providing that a civil action on a tort claim arising out of the manufacture, assembly, repair, ownership, maintenance, use, or operation of an automobile may be brought in the judicial district wherein the act or omission complained of occurred (Public Law 88–234).

This bill would amend sections 1391 (a) and (b) to authorize any civil action to be brought in the district where the claim arose.

The provisions of H.R. 7382 would seem to facilitate the administration of justice by permitting civil suits to be brought not only in the place of residence either of the plaintiff or the defendant, but also a place which may be more convenient to the litigants or to the witnesses who are to testify in the case. Accordingly, the Department of Justice recommends enactment of this bill.

We would point out that if this bill is enacted, section 1391(f) should be repealed.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

RAMSEY CLARK,
Deputy Attorney General.

ANALYSIS

As amended, H.R. 7382, is composed of two sections. Section 1 amends subsections (a) and (b) of section 1391 of title 28 of the United States Code.

New subsection 3191(a) permits a civil action wherein jurisdiction founded only on diversity of citizenship, except

as otherwise provided by law, to be brought in the judicial district in which the claim arose, as well as in the judicial district where all plaintiffs or all defendants reside.

New subsection 1391(b) permits a civil action wherein jurisdiction is not founded solely on diversification of citizenship to be brought in the judicial district in which the claim arose, as well as in the judicial district where all defendants reside.

Section 2 repeals subsection 1391(f).

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the House of Representatives, there is printed below in roman existing law in which no change is proposed by the bill as reported. Matter proposed to be stricken by the bill as reported is enclosed in black brackets. New language proposed by the bill as reported is printed in italic.

TITLE 28—UNITED STATES CODE

Chapter 87—DISTRICT COURTS; VENUE

§ 1391. Venue generally.

(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, *or in which the claim arose.*

(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, *or in which the claim arose,* except as otherwise provided by law.

• • • • • • • • • • •

[(f) A civil action on a tort claim arising out of the manufacture, assembly, repair, ownership, maintenance, use or operation of an automobile may be brought in the judicial district wherein the act or omission complained of occurred.]

89th Congress
2d Session

SENATE

Report No. 1752

CIVIL ACTION VENUE AMENDMENT

OCTOBER 18, 1966.—Ordered to be printed

MR. MCCLELLAN, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 7382]

The Committee on the Judiciary, to which was referred the bill (H.R. 7382) to amend section 1391 of title 28 of the United States Code relating to venue, having considered the same, reports favorably thereon, without amendment, and recommends that the bill do pass.

PURPOSE

H.R. 7382 amends subsections 1391(a) and 1391(b) of title 28, United States Code, to enlarge venue authority so as to authorize any civil action to be brought in the judicial district where the claim arose. Under subsection 1931(a), as amended, a civil action wherein jurisdiction is founded only on diversity of citizenship, unless otherwise provided by law, may be brought in the judicial district in which the claim arose, as well as in the judicial districts where all plaintiffs or defendants reside. Subsection 1391(b) would be amended to atuhorize a civil action wherein jurisdiction is not founded solely on diversity of citizenship to be brought in the judicial district in which the claim arose as well as in the district where all defendants reside.

STATEMENT

The facts relating to this legislation as set forth in the House Report on H.R. 7382 are as follows:

> H.R. 7382 is a product of the continuing efforts of the Judicial Conference of the United States to improve procedures for the administration of justice in the United States. This enlargement of venue authority will

facilitate the disposition of both contract and tort claims by providing, in appropriate cases, a more convenient forum to the litigants and the witnesses involved.

The bill was requested by the Judicial Conference of the United States. The executive communication to the Speaker of the House of Representatives stated:

Attached and made a part of this report is a letter, dated January 29, 1965, from the Administrative Office of the U.S. Courts; and a letter, dated November 5, 1965, from the Department of Justice.

[Letters omitted; see House Report, *supra.*]

ANALYSIS

As amended, H.R. 7382, is composed of two sections. Section 1 amends subsections (a) and (b) of section 1391 of title 28 of the United States Code.

New subsection 3191(a) permits a civil action wherein jurisdiction founded only on diversity of citizenship, except as otherwise provided by law, to be brought in the judicial district in which the claim arose, as well as in the judicial district where all plaintiffs or all defendants reside.

New subsection 1391(b) permits a civil action wherein jurisdiction is not founded solely on diversification of citizenship to be brought in the judicial district in which the claim arose, as well as in the judicial district where all defendants reside.

Section 2 repeals subsection 1391(f).

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

[Changes omitted; see House Report, *supra.*]

APPENDIX B

I. Opinion of the United States Court of Appeals of the Fourth Circuit:

No. 11,435

AMERICAN CYANAMID COMPANY, *Appellant,*

vs.

NOPCO CHEMICAL COMPANY and QUALITY FEEDS, INC. *Appellees.*

Appeal from the United States District Court for the Western District of Virginia, at Charlottesville. Thomas J. Michie, District Judge.

(Argued December 8, 1967. Decided January 11, 1968.)

Before HAYNSWORTH, Chief Judge, and CRAVEN and BUTZNER, Circuit Judges.

CRAVEN, Circuit Judge:

The sole question in this appeal is whether, within the meaning of 28 U.S.C.A. § 1400(b), NOPCO Chemical Company has a "regular and established place of business" in the Western District of Virginia[1] where American Cyanamid has brought suit against it for patent infringement.[2]

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[1] The statute provides that an action for patent infringement may be brought in either the district "where the defendant resides," *or* the district "where the defendant has committed acts of infringement *and* has a regular and established place of business." Cyanamid has conceded that NOPCO is not a resident of Virginia and, because we hold on other grounds that venue is improper, there is no need here to consider whether an act of infringement has been committed within the district.

[2] Quality Feeds, Inc., the co-defendant, has made no obection to venue and the suit against it is still pending in the district court.

It was determined by the district court that NOPCO has, within the district, no real or personal property, no storage, distribution or manufacturing facilities, and no bank account, address, or telephone listing. Nor do any of its salesmen live within the district. However, NOPCO's Regional Sales Manager, Clark Snook, does live within the district, and it is this fact upon which Cyanamid primarily relies.

Snook is a salaried employee who supervises NOPCO's selling in a ten-state area etxending from New York to South Carolina. He is provided with an automobile, rented and insured by NOPCO, which he uses to carry out his job of supervising four road salesmen. In the basement of his home, Snook has set aside a corner for use as an office; this "office" contains a homemade desk and some shelves where he keeps brochures on NOPCO products, communications from the home office, and copies of orders and invoices. At times he requires the services of a part-time secretary; he pays her wages and is later reimbursed by NOPCO. Salesmen visit this office infrequently, but none of his superiors has ever been in it. There is nothing on the outside of his home to indicate that NOPCO's business is conducted there or that a company representative is inside. The local phone book gives no reference to NOPCO and Snook's business card gives no local address or phone number. NOPCO owns no interest in the house and it contributes nothing to its maintenance; indeed, NOPCO did not even know that the office existed.

On such facts as these, it cannot be said that the office was NOPCO's. Thus, Cyanamid's argument can only be that it is sufficient under § 1400(b) that there exists within the district a physical location where an employee of the defendant carries on a part of his work. We refuse to so hold. The decision of the Supreme Court in *Schnell* v. *Peter Echrich & Sons*, 365 U.S. 260 (1961), precludes our construing § 1400(b) so broadly. In *Schnell* it was said that the "language of this special statute is clear and specific. • • • [F]or us to enlarge upon the mandate of the Congress

as to venue * * * would be an intrusion into the legislative field." *Id.* at 262-63. The statute clearly requires that venue be laid where "the defendant * * * has a regular and established place of business," not where the defendant's employee owns a home in which he carries on some of the work that he does for the defendant. *See Knapp-Monarch Co.* v. *Casco Prods. Corp.*, 342 F.2d 622, 625 (7th Cir. 1965); *General Radio Co.* v. *Superior Elec. Co.*, 293 F.2d 949, 950-51 (1st Cir. 1961); *Johnson & Johnson* v. *Picard*, 282 F.2d 386, 388 (6th Cir. 1960).

Cyanamid also urges that even if venue does not exist under 28 U.S.C.A. § 1400(b), there is venue under 28 U.S.C.A. § 1391(b) as amended in 1966 to include the phrase, "district * * * in which the claim arose."[3] The argument is the historical one that Congress has never enacted a venue provision for *special* federal question cases that is narrower than the venue provisions for federal question cases in general. This, Cyanamid points out that until 1887 the statute required the venue for federal question cases to be laid in the district of which the defendant was an inhabitant or in which he could be found; *i.e.*, the district in which personal service could be effected upon him. Act of March 3, 1875, ch. 137, § 1, 18 Stat. 470. In that year, because it had been found that the statute was so broad as to be oppressive, the statute was amended to delete the provision for venue wherever the defendant could be found. But unfortunate draftsmanship added a provision in the same sentence for $2,000.00 jurisdictional amount. Act of March 3, 1887, ch. 373, § 1, 24 Stat. 552. In attempting to apply the new statute to patent cases, the Circuit Courts split as to whether it was necessary for patent litigation to be brought in the district of the defen-

[3] "A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, or in which the claim arose, except as otherwise provided by law." *Ibid.*, as amended by the Act of Nov. 2, 1966, Pub. L. 89-714, §§ 1, 2, 80 Stat. 1111.

dant's residence and whether the jurisdictional amount was applicable. IV Robinson, The Law of Patents § 934 n.3, at 118 (1890). Congress acted to resolve this division of authority in 1897 by enacting the first special venue statute for patent cases. The new act provided for venue "in the district of which the defendant is an inhabitant, or in any district in which the defendant * * * shall have committed acts of infringement and have a regular and established place of business." Act of March 3, 1897, ch. 395, § 1, 29 Stat. 695. Cyanamid, of course, argues that this language, substantially the same as that found presently in 28 U.S.C.A. § 1400(b), was intended to provide *broader* venue for patent litigation than was provided for federal question cases generally. Then, in 1963, Congress legislated a special venue provision for automobile torts: "the judicial district wherein the act or omission complained of occurred." 28 U.S.C.A. § 1391(f). This sweeping provision so recommended itself to Congress that in 1966 it took one further step and provided that a civil action not founded solely on diversity may be brought, not only in the district where the defendant resides, but also in the judicial district "in which the claim arose, except as otherwise provided by law." 28 U.S.C.A. § 1391(b) (amended by the Act of Nov. 2, 1966, Pub. L. 89-714, §§ 1, 2, 80 Stat. 1111.) It is urged that this amendment was intended to apply to all federal question cases; that the phrase, "except as otherwise provided by law," was intended to prevent a reading which would restrict, not expand, other venue provisions; and that, like the Act of 1897, it was intended to provide for broader venue in patent cases than that provided by 28 U.S.C.A. § 1400(b).

We think that Cyanamid's argument is interesting and not without merit, but it come too late. It is now settled in this circuit that 28 U.S.C.A. § 1400(b) is the "sole and exclusive provision controlling venue in patent infringement actions." *Dow Chem. Co.* v. *Metlon Corp.*, 281 F.2d 292, 294 (4th Cir. 1960). Even if we were inclined

to change our rule, we are bound by Supreme Court decisions to the contrary. *E.g., Schnell v. Peter Eckrich & Sons,* 365 U.S. 260 (1961); *Fourco Glass Co.* v. *Transmirra Prods. Corp.,* 353 U.S. 222 (1957); *Stonite Co.* v. *Melvin Lloyd Co.,* 315 U.S. 561 (1942). Although these cases were all decided before the recent amendment to § 1391, it is apparent that they undercut Cyanamid's position,[4] and we feel that they preclude our giving the argument the serious consideration that it would otherwise deserve.

Affirmed.

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[4] "As is pointed out in the cases, Congress adopted the predecessor to § 1400(b) as a special venue statute in patent infringement actions to eliminate the 'abuses engendered' by previous venue provisions allowing such suits to be brought in any district in which the defendant could be served. • • • The Act was designed 'to define the exact jurisdiction of the • • • courts in these matters,' • • • and not to 'dovetail with the general [venue] provisions.' • • • As late as 1957 we have held § 1400(b) to be 'the sole and exclusive provision controlling venue in patent infringement actions.' " *Schnell* v. *Peter Ecrich & Sons,* 365 U.S. at 262.

II. Judgment and Opinion of the United States District Court for the Western District of Virginia, filed respectively on March 27 and March 13, 1967:

[Caption omitted.]

ORDER

This case came on to be heard upon the motion of Nopco Chemical Company to dismiss it for lack of venue. The Court heard evidence, considered various depositions and affidavits and the memoranda filed by the parties herein. As more fully set out in its written opinion, the Court finds:

(1) Venue in this action is controlled by 28 U.S.C. 1400(b).

(2) Nopco Chemical Company is not a resident of this State.

(3) Nopco Chemical Company does not have a regular and established place of business within this District.

The Court is therefore of opinion that proper venue as to Nopco Chemical Company does not exist in this District, the motion to dismiss Nopco Chemical Company for lack of venue is hereby granted, and the Court does hereby ORDER that Nopco Chemical Company be, and it hereby is, dismissed.

THOMAS J. MICHIE
Judge

Requested by:

J. T. CAMBLOS
Counsel appearing specially for
for Nopco Chemical Company

Approved as to form:
W. BROWN MORTON, JR.
Counsel for American
Cyanamid Company

[Caption omitted.]

OPINION

Plaintiff, American Cyanamid, seeks an injunction and damages for alleged infringement of a patent of which it is the assignee on the mixture of an aureomycin mash containing chlortetracycline with vegetable protein meal which, when combined with animal feeds, acts as a growth stimulant.

The defendant Quality Feeds is a resident of this judicial district. The defendant Nopco is a corporation incorporated under the laws of New Jersey. Plaintiff is a Maine corporation, having its principal place of business at Wayne, New Jersey. The defendant Nopco has moved that the action be dismissed as to it on the ground of improper venue.

Venue in patent infringement cases is governed exclusively by 28 U.S.C. § 1400(b). *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957). Section 1400(b) reads:

> Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

It is established that as to a corporation the residence referred to in § 1400(b) means only the state of incorporation. *Fourco Glass Co.* v. *Transmirra Products Corp.*, *supra*. Since Nopco is a New Jersey corporation, venue does not lie under the residence clause. Venue, therefore, is proper only if it can be shown that Nopco both (a) has committed acts of infringement and (b) has a regular and

established place of business within this judicial district. It has not been necessary to consider the question of acts of infringement as I have concluded that Nopco does not have "a regular and established place of business" within this judicial district as the phrase regular and established place of business has been construed.

It appears from the affidavits, depositions, and evidence presented that Nopco does not possess any real or personal property within the district. Nopco maintains no office, manufacturing facility, warehouse or other storage facility, showroom or distribution facility within the State of Virginia. Nopco maintains no bank account, address (Post Office box or otherwise), or telephone listing within this district.

Nopco does have several salesmen from within one or more of its operating divisions who sell within Virginia. However, none of them live within this state. All sales orders solicited by them are subject to acceptance by the home office in Newark, New Jersey. The orders, after acceptance, are filled and shipment takes place from facilities located outside of this state.

Since 1953 a salaried employee of Nopco having the title of Regional Sales Manager has resided in Charlottesville, Virginia. He is connected with Nopco's Industrial Chemicals Division and in that capacity supervises the selling effort in a ten-state area extending from southern New York to South Carolina. In order to carry out his job, which is to supervise the four road salesmen under his control and generally to enhance sales, Nopco has provided him with an automobile which is rented from a New York rental agency and which carries a policy of liability insurance designed to protect the defendant corporation. Four days of each week usually find the Regional Sales Manager on the road. He counsels the four salesmen under his supervision and often calls on customers or prospective

customers with them. Much of the time, of course, this activity takes place outside of Virginia. The Sales Manager does no selling himself and has no authority to accept orders.

In his home in Charlottesville, the Sales Manager has set aside a portion of his basement for use as an office. There he has a desk, upon which he may work, and shelves where he can file or store the various materials he receives in relation to his job. The evidence shows that he customarily receives information on Nopco products, sundry communications from the home office, and copies of orders secured by his salesmen as well as copies of invoices on shipments to customers. At times he requires the services of a part-time secretary whom he pays himself, for which he is later reimbursed by Nopco. The office, located in the basement of this man's home, is not open to the public. There is nothing on or about his home to indicate that any business of the defendant corporation is conducted within or that a representative of the corporation may be found there. None of his superiors have ever been in the office, in fact, until recently none were aware that it existed. Salesmen visit infrequently; perhaps two or three times in three years. The furnishings within the office, the desk and shelves, are largely homemade. What information concerning Nopco the office contains is not for display or available to the public.

Only a notation in the Charlottesville City Directory would indicate to the public that an employee of Nopco resides at the address of the Sales Manager's home. No reference to Nopco can be found in the Charlottesville yellow pages. The telephone is listed privately in the Sales Manager's name with no reference to Nopco. The Sales Manager's card identifies him as an employee of Nopco but makes no reference to a Charlottesville address or phone number.

In support of its contention that venue will lie as to Nopco in the Western District of Virginia, the plaintiff

argues that the office in the home of this Regional Sales Manager constitutes a regular and established place of business of the defendant corporation.

Unlike the general venue provisions found in 28 U.S.C. § 1391(c), the special venue provisions of § 1400(b) are not to be liberally construed. *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957); *Stonite Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561 (1942); *Brevel Products Corp.* v. *H. and B. American Corp.*, 202 F. Supp. 824 (S.D. N.Y. 1962). Recently, in *Schnell* v. *Peter Eckrich & Sons*, 365 U.S. 260 (1961), the Supreme Court again emphasized that § 1400(b) is to be construed restrictively. It said at p. 262:

> . . . Congress adopted the predecessor to § 1400(b) as a special venue statute in patent infringement actions to eliminate the "abuses engendered" by previous venue provisions allowing such suits to be brought in any district in which the defendant could be served. [Citation omitted] The act was designed "to define the exact jurisdiction of the . . . courts in these matters," . . . and not to "dovetail with the general [venue] provisions" . . . As late as 1957 we have held § 1400(b) to be "the sole and exclusive provision controlling venue in patent infringement actions." *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222, 229 (1957).

The defendant points to the fact that inconsequential as the office in the basement of Nopco's Sales Manager's home may be, it is sufficient for Nopco's purposes in that it allows a home base from which a substantial amount of sales activity is supervised. Having concluded that business of the corporation is carried on in the place, it then reasons that the permanence of this man's home gives rise to a place of business which is both regular and established. This logic, for all its internal integrity, misses the mark. The facts in this case establish the existence of a physical

location where an employee of Nopco carries on part of his work. They do not establish a place of business of the defendant corporation. The distinction is fundamental and, in view of the restrictive interpretation to be given § 1400(b), controlling.

As the court pointed out in *Brevel Products Corp.* v. *H. and B. American Corp.*, 202 F. Supp. 824 (S.D.N.Y. 1962) at p. 827:

> An essential prerequisite for a finding of venue in cases of this sort is that the defendant actually maintains, in the words of the statute, "a regular and established place of business" within the district. This "place of business" can be a branch office (*Patent Royalties Corp.* v. *Land O' Lakes Creameries*, 11 F. Supp. 103 (E.D.N.Y. 1935)), a sales showroom (*Shelton* v. *Schwartz*, 131 F.2d 805 (7th Cir. 1942)), or a warehouse or distribution center (*Federal Electric Products Co.* v. *Frank Adams Electric Co.*, 100 F. Supp. 8 (S.D.N.Y. 1951)). But it must be maintained and paid for by the defendant. The mere fact that the defendant hires a sales representative who in turn rents offices to sell defendant's products is insufficient. *Kay v. J.F.D. Mfg. Co.*, 261 F.2d 95 (5th Cir. 1958);
> . . .

Similarly, where a salesman of a corporation operates out of his home using his home as an office, and designates it as such on his business card, at least two courts have refused to find that the home was a regular and established place of business of the corporation by which the salesman was employed. *Gould* v. *Cornelius Co.*, 258 F. Supp. 701 (N.D. Okla. 1966); *Railex Corp.* v. *White Machine Co.*, 243 F. Supp. 381 (E.D.N.Y. 1965). In both of those cases, as in the present case, the corporation owned no interest in the home and in no way contributed to its maintenance.

Relevant also is a statement by the court in *Mastantuono* v. *Jacobsen Manufacturing Co.*, 184 F. Supp. 178 (S.D.N.Y.

1960) where the court reasoned at p. 180 that to confer venue:

> It must appear that a defendant is regularly engaged in carrying on a substantial part of its ordinary business on a permanent basis in a physical location within the district over which it exercises some measure of control.

The physical location in one's home at which one carries out a portion of one's duties connected with one's employment is generally not a physical location over which the employer exercises some measure of control. That is precisely the situation here. Not only did Nopco not exercise control over the work carried on by its Sales Manager in the basement of his home, but furthermore, it had no knowledge of the existence of this office.

Quite different were the facts in *Watsco, Incorporated* v. *Henry Valve Co.*, 232 F. Supp. 38 (S.D.N.Y. 1964) and *Stieqele* v. *Jacques Kreisler Manufacturing Co.*, 213 F. Supp. 494 (S.D.N.Y. 1962) upon which Cyanamid relies. In each of these cases the defendant corporation had leased an office, however small, and exercised substantial control over its operation. The work to be performed at the office and the duties assigned to each of the personnel were prescribed by the corporation. The office in each of these cases was established by the corporation and staffed by the corporation to accomplish its purposes. There is no analogy to the present case where the office was established by the employee in his own home to suit his own needs.

Plaintiff, in the alternative, has urged that Nopco, by standing behind the accused product with an indemnification agreement to its customer, Quality Feeds, a resident of this district, has waived venue and has consented to suit. Even where a corporate defendant has undertaken the defense of a patent infringement action brought against one of its customers, the strictures of § 1400(b) prevent

a waiver of venue. *Schnell* v. *Peter Eckrich & Sons, Inc.*, 365 U.S. 260 (1961); *The Dow Chemical Co.* v. *Melton Corp.*, 281 F.2d 292 (4th Cir. 1960). Consequently, I must reject the contention that Nopco has waived its objection to venue by agreeing to hold Quality Feeds harmless.

As venue does not properly lie as to Nopco in the Western District of Virginia and as Nopco can not be said to have waived venue, the complaint must be dismissed as to it. An order will be entered accordingly.

THOMAS J. MICHIE
United States District Judge

March 10, 1967.

GENERAL FEDERAL CLAIMS

	1789		
JURISDICTIONAL		(U. S. or alien, a party or diversity. Over $500. No express provisions for jurisdiction over federal claims prior to 1875, *Tennessee* v. *Union*, 152 U.S. 454)	
VENUE	Defendant an inhabitant or defendant found at time of serving the writ		
PATENTS		**1793**	**1819-1870**
JURISDICTIONAL		In the Circuit Court or any other Court having competent jurisdiction	Re-enacts concurrent jurisdiction
VENUE			
CITATION	Sec. 11 1 Stat. 79	Sec. 5 1 Stat. 318	Sec. 1 3 Stat. 481 Sec. 14 5 Stat. 117 Sec. 55 16 Stat. 198

	1873	1875	1887	
		Circuit Courts concurrent with States	Circuits Courts concurrent with States	Corrects er
		. . .	. . .	repe
or diversity. Over $500. s for jurisdiction over to 1875, *Tennessee* v. 2 U.S. 454)		over $500	over $2,000	
	Defendant an inhabitant or defendant found at time of serving the writ	Defendant an inhabitant or defendant found at time of serving such process	Defendant an inhabitant	Defend
1819-1870	**1873**			
Re-enacts concurrent jurisdiction	Original Jurisdiction in the Circuit Courts			
	Courts of the United States . . . exclusive of the courts of several states			
Sec. 1 3 Stat. 481 Sec. 14 5 Stat. 117 Sec. 55 16 Stat. 198	Sec. 739 Revised Statutes Sec. 629 (9) Sec. 711 Revised Statutes	Sec. 1 18 Stat. 470	Sec. 1 24 Stat. 552	2

1888 Corrects enrollment of 1887 Act repeats provisions • Defendant an inhabitant		**1911** District Courts original jurisdiction . . . over $3,000 Defendant an inhabitant	**1948** Original jurisdiction . . . over $3,000 (raised to $10,000 in 1958) All defendants reside except as otherwise provided by law	**1966** All defendants reside or in which the claim arose except as otherwise provided by law	
	1897 Defendant an inhabitant or acts of infringement and a regular and established place of business	**1911** District Courts original jurisdiction . . . all suits under patent laws Courts of the United States . . . exclusive of the Courts of the several States . . . Re-enacted 1897 Act	**1948** District Courts . . . Original and Exclusive Defendant resides or acts of infringement and regular and established place of business		
Sec. 1 25 Stat. 433	Chap. 395 29 Stat. 695	Sec. 24(1) 36 Stat. 1091 Sec. 50 36 Stat. 1101 Sec. 24(7) Sec. 256 36 Stat. 1160 Sec. 48 36 Stat. 1100	62 Stat. 930 28 USC § 1331 62 Stat. 935 28 U.S.C. § 1338(a) 28 U.S.C. § 1400(b)	80 Stat. 1111 28 U.S.C. § 1391(b)	